

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3767-01  
BILL NO.: HJR 66  
SUBJECT: State Sales Tax; Highways and Transportation Use  
TYPE: Original  
DATE: February 15, 2000

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$28,381,820)	(\$59,417,864)	(\$62,388,756)
Highway Fund	\$28,294,220	\$59,417,864	\$62,388,756
School District Trust	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$87,600)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\*Net of increases to cities and counties and losses to school districts**

Numbers within parentheses: ( ) indicate costs or losses  
This fiscal note contains 4 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials of the **Department of Transportation (MoDOT)** assume this proposal would allow voters to approve an increase in the distribution of motor vehicle sales tax from 50% to 75% for transportation projects. MoDOT, cities and counties currently receive revenue generated from the motor vehicle sales tax. This proposal would increase MoDOT's share of the sales tax from 50% to 75%. The State Highway Fund will receive a share of 74% and the Transportation Fund will receive the remaining 1%. However, because revenue is not realized until after a full month's cycle, the following increases to the Highway Fund would not be felt until the end of the month. Therefore, MoDOT assumes the increase for FY01 would be realized over 6 months. The total estimated fiscal impact on the Highway Fund for FY01 would be an increase in revenue of \$30,871,000. The increase in revenue for FY02 and FY03 would be \$64,829,000 and \$68,071,000 respectively. The Transportation Fund's estimated increase would be \$417,000 for FY01; \$876,000 for FY02; and \$920,000 for FY03. The estimated increase in revenue to cities and counties would be \$10,430,000 for FY01; \$21,902,000 for FY02; and \$22,997,000 for FY03.

For fiscal note purposes, the full 75% has been listed under the Highway Fund. MoDOT assumes this proposal would be effective December 1, 2000.

**Secretary of State** assume this proposal would result in a statewide newspaper publication of the constitutional amendment. The constitutional amendment notifications cost approximately \$1,455 per column inch based on an estimate provided by the Missouri Press Service. The notification would have to be printed three times for multiple printings as required by the Constitution and state statute, resulting in an approximate cost of \$4,380 per column inch. The estimated total number inches for this amendment is 20 inches, which includes the proposal, the introduction, title, fiscal note summary, and affidavit. Estimated total cost for publication would be \$87,600 in FY 01. The proposal would be on the ballot for the November 2000 general election.

Officials from the **Department of Revenue (DOR)** assumes this proposal submits to the voters the issue of increasing from fifty to seventy-five, the percentage of state sales tax on motor vehicles dedicated to highway and transportation use. DOR used FY 99 Motor Vehicle Tax collection figures, increased each year by a 5% inflationary factor, and applied a 75% / 25% split in lieu of a 50% / 50% split to arrive at the estimates.

**Oversight** has used MoDOT's assumption that the transfer to the Highway Fund for FY 01 would be for six months, after the election, and has adjusted FY 01 numbers accordingly.

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<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
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**HIGHWAY FUND**

<u>Income - Department of Transportation</u>			
motor vehicle sales tax distribution	\$28,294,220	\$59,417,864	\$62,388,756

<b>ESTIMATED NET EFFECT ON HIGHWAY FUND</b>	<b><u>\$28,294,220</u></b>	<b><u>\$59,417,864</u></b>	<b><u>\$62,388,756</u></b>
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**GENERAL REVENUE FUND**

<u>Cost - Secretary of State</u>			
Newspaper Advertisements	(\$87,600)	\$0	\$0

<u>Loss - to General Revenue</u>			
transfer to Highway Fund	(28,294,220)	(59,417,864)	(62,388,756)

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$28,381,820)</u></b>	<b><u>(\$59,417,864)</u></b>	<b><u>(\$62,388,756)</u></b>
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**SCHOOL DISTRICT TRUST FUND**

<u>Savings - to School District Trust Fund</u>			
reduction in distributions to school districts	\$9,431,407	\$19,808,744	\$20,799,181

<u>Loss - transfer to cities and counties</u>	(9,431,407)	(19,808,744)	(20,799,181)
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<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
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**CITIES AND COUNTIES**

Income - transfer of motor vehicle sales tax

Cities	\$5,658,844	\$11,883,991	\$12,478,191
Counties	3,772,563	7,924,753	8,320,990

Loss - to school districts

Less distributions to school districts	(\$9,431,407)	(\$19,808,744)	(\$20,799,181)
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**ESTIMATED NET EFFECT ON  
CITIES AND COUNTIES**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposed constitutional amendment requires that three-fourths instead of the current one-half of the proceeds from the state sales tax on all motor vehicles be dedicated for highway and transportation use.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Department of Transportation  
Secretary of State



Jeanne Jarrett, CPA  
Director  
February 15, 2000